

# COMBINED SEPARATE NON-FINANCIAL REPORT

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For GRAMMER, sustainability begins with the people who work at the Company and are linked to it. It covers such aspects as research and development, procurement and production as well as the finished products and the end-of-life recycling of product components. With the expansion of its global presence and the Group's broad footprint, the GRAMMER Group is also supporting this message internationally.

This combined separate non-financial report (NFR) has been prepared in accordance with the requirements of sections 315b and 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB). It contains the disclosures required by law on material matters pertaining to the environment, employees, social concerns, observance of human rights as well as anti-corruption and anti-bribery precautions. In addition, it discloses material risks in accordance with section 289c (3) No. 3 and 4 HGB where these are necessary for an understanding of the Group's business performance, results of operations and position as well as the impact on non-financial aspects. This report is the combined separate declaration for the GRAMMER Group and GRAMMER AG for 2021 in accordance with sections 289b and 315b HGB, which is made available to the general public at the Company's website under Company > Sustainability > Non-financial report. Unless otherwise stated, the contents refer to the entire GRAMMER Group including GRAMMER AG. In this report, the term GRAMMER Group also includes GRAMMER AG. Alongside its key financial indicators, the GRAMMER Group has also defined strategic and ESG (Environmental Social Governance) targets, e.g. compliance, environmental protection, economic stability and growth as short-term key financial indicators. A more detailed explanation of the key non-financial performance indicators for GRAMMER AG can be found in the remuneration report. Detailed information on provisions can be found in the notes to the consolidated financial statements. Apart from that, there is no direct link between the amounts reported in the annual financial statements of the GRAMMER Group in accordance with section 289c (3) No. 6 HGB and the non-financial aspects. In some

cases, reference is made to the content of the Group management report in accordance with section 315 b (1) sentence 3 HGB. The NFR has been reviewed by the Supervisory Board, which has verified its legality, propriety and suitability for its intended purpose. The combined non-financial report has been prepared in accordance with the Global Reporting Initiative (GRI) standards. Looking forward, reporting in accordance with this standard is to be expanded step by step.

## 1. Sustainability at GRAMMER

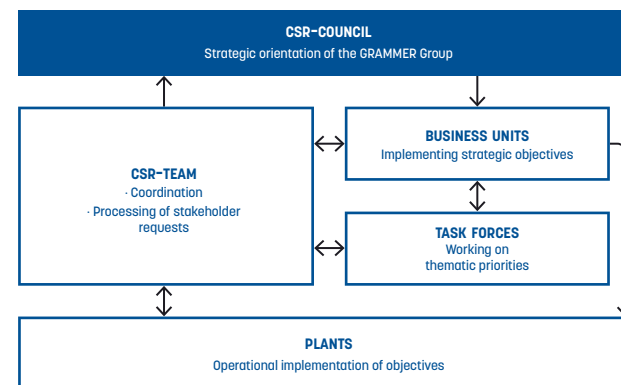
GRAMMER Group is a global group of companies specializing in the development and production of components and systems for automotive interiors as well as driver and passenger seats for commercial vehicles (trucks, buses, trains, agricultural technology, materials handling and construction machinery). GRAMMER is committed to sustainability and has firmly entrenched economic, social and ecological principles in its corporate guidelines. It aspires to make thinking and acting sustainably an integral part of the Company's DNA. For GRAMMER, accepting responsibility for people, society and the environment means minimizing strain on people and nature as far as possible and furthering their ability to regenerate. The Group takes equal account of all its stakeholders, furthers its employees' interests and strives for uniform environmental management at all locations.

### 1.1 Organizational structure of sustainability

Sustainability forms part of GRAMMER's strategy as well as its operating activities. We have created organizational structures to ensure the observance of our rules as a basis for coordinating sustainability aspects internationally across the entire GRAMMER Group. In view of its high importance for the GRAMMER Group's business activities, responsibility for sustainability is assigned directly to the Executive Board. The Corporate Social Responsibility team supports it, coordinating GRAMMER's worldwide activities

in this area. A CSR council was established in 2015 to entrench sustainability more firmly within the GRAMMER Group. This council includes executives from all relevant parts of the Group such as accounting, compliance, controlling, finance, IT, communications, human resources, production, quality assurance, R&D, legal, supplier management and environment as well as executives from the regions and divisions. Institutionalized dialog and regular meetings ensure that sustainability as an overarching issue is firmly rooted in the Group and operationalized in accordance with the corporate strategy and business requirements. The individual business units represented on the CSR council are responsible for implementing the strategic CSR objectives. This involves close communications with the individual plants to operationalize the objectives.

### CSR-Organization


















## 1.2 Materiality analysis

A new materiality analysis was carried out in 2020 in order to update the material sustainability aspects of the GRAMMER Group. It looked at the economic, ecological and social perspectives to evaluate the sustainability aspects. Internal experts assessed the stakeholder perspective. The survey was conducted using both written responses and workshops. In addition, the impact of the Company's activities on the environment, society and the economy as well as the relevance of the matters for GRAMMER were included in the evaluation.

As a result of the analysis, the fourteen material aspects listed in the chart will be reported subdivided into five aspects of relevance. Due to the experience of the past months, the following changes and simplifications have been made.

1. In the "Supply Chain" area, terms were streamlined in procurement management.
2. With the social perspective, the future focus will be even more on GRAMMER employees. For this reason, there has been a name change from "Social" to "Employees".

Good corporate governance	Products	Environment	Supply chain	Employees and community
Compliance	Sustainable product development	CO <sub>2</sub> emissions	Working conditions and human rights	Employee satisfaction
Data security	Material efficiency	Energy and resources	Procurement of commodities	Occupational health and safety
	Customer health and safety	Waste		Diversity and equal opportunities
		<b>Green Company</b>		Corporate citizenship

SDGs	Aspects of relevance for the GRAMMER Group	Material aspects	Non-financial aspects
	 Good corporate governance	Compliance Data security	Cross-cutting issue, particularly anti-corruption
 	 Products	Sustainable product development Material efficiency Customer health and safety	Environmental concerns, social concerns
 	 Environment	CO <sub>2</sub> emissions Energy and resources <sup>1</sup> Waste	Environmental concerns
	 Supply chain	Working conditions and human rights Sustainable procurement of commodities	Cross-cutting issue, relates to all non-financial aspects
 	 Employees and Community	Employee satisfaction Occupational health and safety Diversity and equal opportunities Corporate citizenship <sup>2</sup>	Employee matters, social concerns

<sup>1</sup> Energy and resources, incl. water.

<sup>2</sup> No material aspect; reporting is voluntary.

### 1.3 Support for sustainable development goals

As a company operating internationally, GRAMMER actively contributes to the achievement of global sustainability goals. Adopted at the beginning of 2015, the United Nations' Sustainable Development Goals (SDGs) comprise 17 concrete objectives aimed at making the world more sustainable and fairer by 2030. In order to underline the relevance of the SDGs and make the Group's contribution to the individual sustainability goals visible, GRAMMER decided to sharpen its focus further and place its emphasis on five SDGs (see figure). These are where GRAMMER believes the Company is able to make the greatest contribution.

### 1.4 Inclusion of all stakeholders

GRAMMER attaches particular importance to dialog with and the involvement of its various stakeholders. These communications are mostly handled by the relevant parts of the Group. By systematically tracking these activities, it is also possible to access the results of this dialog centrally in order to address corresponding inquiries from outside the Company or to convey messages from within the Company to the general public. As GRAMMER maintains very close contact with its stakeholders, it was able to take account of the expectations and needs of the individual groups in the formulation of its sustainability goals.

#### The GRAMMER's Group stakeholders



### 1.5 Risk evaluation of non-financial matters

Business always entails opportunities as well as risks. GRAMMER's risk strategy defines various principles relating to the Group's risk policy. In this connection, GRAMMER defines opportunities and risks in the context of risk management as any positive or negative deviations from a plan or target defined in circumstances of uncertainty. Risk management thus contributes to value-based management of the Group. GRAMMER Group has implemented a uniform Group-wide risk management system to detect risks at an early stage, to analyze and assess their causes and avert or at least mitigate them.

The risk management process ensures early identification, analysis and assessment of risks, along with coordinated implementation of suitable measures to manage risk as well as risk monitoring and control. This also entails the early detection of risks to the Group's going-concern status. Under the CSR Directive Implementation Act governing the disclosure of non-financial and diversity-related information, companies must not only report on the material aspects but also explain the related risks. The concept of risk has been expanded and integrated in risk management to map the non-financial risks in the process. Internal experts have assessed the qualitative impact of corporate activities. GRAMMER views risk in net terms, i.e. after risk mitigation. No material risks that are linked to the Company's own business, business relations or products and are liable to have severely adverse effects on non-financial aspects have been identified in connection with non-financial aspects. However, there are fundamental risks which may impact individual non-financial aspects. Among other things, this applies to ecological risks which GRAMMER addresses by implementing management systems in accordance with ISO 14001 and ISO 50001.

## Green Company

GRAMMER has been promoting the expansion of its environmental management systems at all sites for many years. In future, it seeks to further its commitment to sustainability. For this reason, the Group launched the "Green Company" strategic initiative at the start of 2020. This initiative focuses on deepening and strengthening the awareness of environmental and sustainability aspects throughout the entire GRAMMER Group, reinforced by specific measures managed and monitored by the CSR Council. It defined the following five areas of activity and guiding principles:



**Energy and resource efficiency:** GRAMMER wants to reduce energy consumption within its processes, promote the use of renewable sources of energy and use natural resources sparingly. [\(further information on page 11\).](#)



**Efficient use of materials:** GRAMMER designs the use of its production and non-production materials over the entire product lifecycle in the most efficient way possible. Responsible handling of critical materials is a matter of course for the Company. [\(further information on page 10\).](#)



**Avoidance of waste and recycling:** GRAMMER reduces its waste and minimizes the use of hazardous waste. Furthermore, GRAMMER recycles more waste and ensures that the appropriate waste disposal and recycling methods are used. [\(further information on page 12\).](#)



**Reduction of emissions:** GRAMMER is aiming for the 1.5 degree Paris Agreement goal and is reducing greenhouse gases. Other emissions such as VOC or noise are being reduced to a minimum. [\(further information on page 11\).](#)



**Green products:** GRAMMER is exploring innovative and sustainable product solutions so that it can offer its customers environmentally friendly alternatives in the future. [\(further information on page 9\).](#)

The five aspects allow the entire product lifecycle (from research and development through to procurement, transportation, production through to sales, use through to waste disposal) to be assessed and they help establish the “Green Company” philosophy across all processes.

In 2020, long-term goals and measures were defined for every area of activity. A description of the goals can be found in the relevant chapter.

Further information campaigns were launched in 2021 that are intended to raise awareness of “Green Company” issues among all employees around the world and to motivate them. Kick-off events were held at all sites, which highlighted the importance of the action areas and talked about how everyone can get involved. “Green Weeks” were also organized at sites, each focusing on a particular issue. Discussions of best-practice examples were supported by poster campaigns and publications on the Intranet. Thanks to its highly motivated employees, GRAMMER successfully launched hundreds of projects, both large and small. The commitment and ideas of the entire GRAMMER team helped the Group make significant progress in becoming a Green Company and will continue to do so in the future.



The diplomas were awarded virtually at the General Management Meeting.

## 2021 CSR Award

Corporate social responsibility, i.e. responsibility for employees, the environment and society, is of great importance for the GRAMMER Group and, moving forward, is to be additionally intensified. For this reason, GRAMMER has been presenting the annual Corporate Social Responsibility (CSR) Award since 2019. The CSR Award is an internal award to acknowledge plants that have displayed a particularly high degree of engagement in the area of sustainability. In this way, GRAMMER is seeking to set an example for greater sustainability and acknowledge the strong commitment of the individual sites within the Group. Awards are presented in three categories: “Environment”, “Employees” and “Society”. The awards for outstanding performance in 2021 will be presented at a management meeting in mid-2022.

## 2. Responsible corporate governance

GRAMMER is committed to specific values that are observed by its employees day by day and shape its business activities. Clear and open communication creates a high degree of transparency for customers, shareholders and employees. In addition to achieving transparency, GRAMMER attaches key importance to balancing the interests of its stakeholders and ensuring a respectful approach. In this way it is creating the deep-seated trust that is required for business success and the corporate culture.

### 2.1 Compliance and combating corruption and bribery

GRAMMER’s goal is to comply with the law and with internal Company rules and regulations. The Group espouses a corporate culture that encourages a sense of responsibility in each individual, enhances their skills and maintains integrity as a basis for working together in a spirit of mutual trust. All employees are therefore obliged to act accordingly. The GRAMMER Code of Conduct and internal guidelines on compliance, anti-trust law and anti-corruption contain regulations to this effect.

The GRAMMER Code of Conduct was comprehensively revised in 2020 and was made available to all employees in eleven languages on the Intranet and, in some cases, even as a print-out in the reporting year. All new employees joining GRAMMER are informed about the Code of Conduct and receive a copy. Articles about compliance are regularly published on the Intranet. Employees receive regular training sessions to refresh their knowledge of the contents of the Code of Conduct and internal compliance guidelines.

GRAMMAR attaches fundamental importance to observing the law, particularly laws governing respect for human rights, fair trade practices, anti-corruption and the avoidance of conflicts of interest. GRAMMER respects the freedom of association and rejects forced and child labor. It also observes current data protection legislation and takes a careful approach to handling confidential information. GRAMMER is committed to environmental protection, health, occupational health and safety and social responsibility. Comprehensive measures have been firmly in place for many years. All GRAMMER Group employees undergo regular anti-corruption and anti-bribery training and training on fair trade practices, including the appropriate response to such occurrences.

#### TARGET

100% of all employees invited to compulsory training sessions take part in the biannual anti-corruption, compliance and cartel law training.

The objective of GRAMMER's compliance management system is to ensure the effectiveness and viability of the Company's business activities through compliance with the legal requirements applicable to the Company. In addition, audits are regularly carried out in the business units that place an emphasis on compliance risks. For this purpose, the Transparency International Corruption Perception Index for specific countries provides an important indicator for determining the frequency of audits at individual locations. Should an audit conducted at a specific GRAMMER location give rise to initial suspicion, suitable investi-

gations are performed, any necessary consequences taken and measures initiated if required.

#### TARGET

Awareness of compliance and corruption risks is to be reinforced at 100% of GRAMMER sites every two years. Moreover, compliance audits will be implemented at sites with compliance/corruption risks by the end of 2022.



GRAMMER established a whistleblower system to report suspicions. After undergoing a plausibility check, suspicions are investigated in more detail. If the suspicion is confirmed and a violation detected, appropriate measures are taken, including measures under employment law where necessary. Reports by whistleblowers were investigated in 2021 and, where the reports proved justified, measures were taken and implemented.

Together with its open corporate culture, communication measures regarding compliance, the availability of points of contact for whistleblowers and regular training, GRAMMER wants to ensure that any breaches of the law or internal guidelines are avoided. Should breaches occur, the Group wants to continue to ensure in the future that they are uncovered through suitable investigations and penalized.

#### 2.2 Data protection

The GRAMMER Group has high data protection standards. A data protection organization reporting to GRAMMER's Executive Board has been in place for many years. The data protection officer is responsible for ensuring observance of the statutory requirements as well the data protection policy, which is binding on all employees. GRAMMER expects its employees to protect the business secrets and intellectual property rights held by GRAMMER

as well as its business partners. Industrial property rights, business secrets and other confidential company information must be protected against unauthorized disclosure. In order to heighten employees' awareness of data protection, e-learning training is to be offered from 2022.

#### TARGET

Germany-wide introduction of data protection training as e-learning in the context of the GRAMMER Academy by 2022.

As part of the data protection organization, inquiries from staff and managers are processed and the corresponding solutions are designed and implemented. Regular IT security tests and authorization checks are carried out while taking into account statutory data protection requirements.

#### 2.3 Information security

Information security denotes the characteristics of (technical or non-technical) information-processing and storage systems that ensure confidentiality, availability and integrity. Its purpose is to provide protection from dangers and threats, to avert economic damage and to minimize risks. In practice, information security within IT security management is based on such standards as the international ISO/IEC -27000 series and the automotive standard TISAX "Trusted Information Security Assessment Exchange".

GRAMMER considers it necessary to ensure information security including all requirements. The introduction of an information security management system (ISMS) at all sites of the GRAMMER Group is necessary in order to guarantee this in the context of IT security management. As with any roll-out of a new management system, initial certification of the central GRAMMER AG departments was completed before implementing the ISMS at all subsidiaries and sites. In December 2019, certification was achieved thanks to professional collaboration between all departments involved, resulting in successful ISO 27001 certification. The following TISAX audit objectives were successfully audited in October 2021: handling information with very high protection needs and handling personal data in accordance with Article 28 GDPR.

The requirements of an ISMS extend beyond the theoretical aspects and also include an evaluation of physical security. This ensures construction-related protection. Thus, for example, special requirements apply to the environment for product development as well as to access restrictions, the handling of prototype parts and much more.

### 3. Products

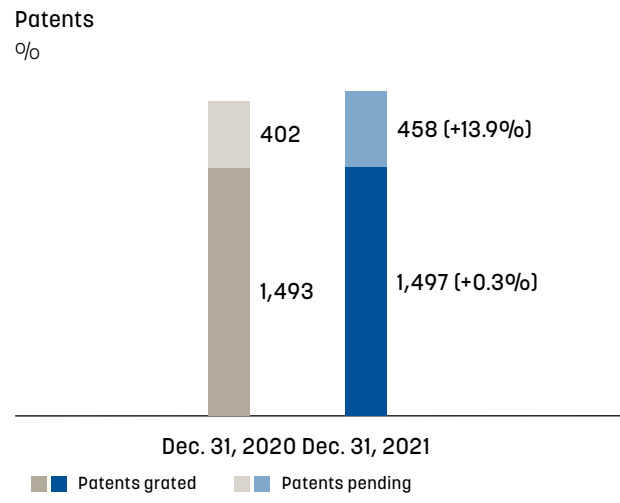
The GRAMMER Group attaches key importance to process and product efficiency, quality and safety. Product responsibility commences in the development phase and continues during production (use of material) and subsequent utilization by the customer. Examples of important criteria include quality, endurance, safety, ergonomics and product innovation. GRAMMER currently produces its high-quality seating systems and premium interior products at 46 (2020: 48) production and logistics facilities around the world.

Innovations in products and production processes form a key determinant of business success. More than 600 highly qualified employees work in research and development (R&D) around the world. At EUR 78.2 million, research and development costs increased again against the previous year (2020: EUR 59.0 million).

The GRAMMER Group has established R&D units in all key regions in order to offer its customers high-quality solutions meeting their requirements. Our engineers work on the development of new, and further development of existing, GRAMMER products at a total of 14 development locations. The Group is able to carry out customer-specific developments and advance developments in all regions using the latest toolchains. These include computer software to simulate product characteristics and modern test facilities to carry out practical tests on product characteristics and are supported by a prototype construction.



As a result, the number of patents pending and granted rose slightly by 3.2% to 1,955 in 2021 (2020: 1,895).



In addition, the R&D function is present at the production plants to provide the necessary support directly and promptly.



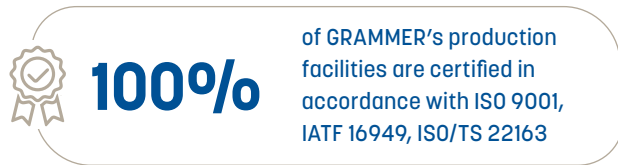
#### Customer health and safety

All construction- and manufacturing-related activities seek to provide users with the highest possible level of product security. Calculating, evaluating and reducing potential product risks through the use of appropriate technologies ensure that all aspects pertaining to product security are adequately taken into consideration.

Products are tested for their security, comfort and service life at GRAMMER's test labs worldwide. The test departments form part of the Competence Centers. The globally applicable standards for the corresponding product groups are ensured via four Competence Centers in Amberg (Germany), Hardheim (Germany), Toledo (Ohio, United States) and Changchun (China) and are also certified by the Group's customers. Certification governs general requirements for the competence of test and calibration laboratories. Furthermore, the laboratory scope of the test departments is expanded continuously by a variety of different tests such as fire tests and various endurance tests.



For example, seat prototypes are tested in dynamic long-term tests on test benches, some of which were developed in-house. To ensure impeccable quality over the entire lifecycle of a product, overall structures, seat cushions and backrests as well as operating elements and other elements are tested. In order to meet the high quality requirements which the products must satisfy, GRAMMER has also established a uniform quality management system. All our GRAMMER sites are regularly certified under the ISO 9001 quality management standard, the IATF 16949 quality management standard for the automotive industry and at the relevant locations under ISO/TS 22163 for the railway vehicle industry.



**100%** of GRAMMER's production facilities are certified in accordance with ISO 9001, IATF 16949, ISO/TS 22163

### 3.1 Ergonomics

In developing seat systems, GRAMMER attaches particular importance to ensuring that the driver's health is preserved through ergonomically optimized products. Moreover, GRAMMER's headrests are an important safety feature for very largely preventing injury of or strain on the cervical spine in the event of an accident. Products that are not only height-adjustable but also permit the distance from the head to be modified and then store these personal settings in a memory function provide especially effective protection. In addition, crash-active headrests protect passengers from the risk of whiplash injury.

The ergonomic design of the multifunction armrests for commercial vehicles featuring an optimum arrangement of the control elements eases the strain on the spine, prevents overstraining of the forearm, shields the driver from excess mental pressure and thus heightens the seat comfort. The suspension seating systems for all kinds of commercial vehicles also meet the highest ergonomic requirements, thus helping to preserve the driver's health. The GRAMMER Group regularly reviews the status of its products on the basis of customer feedback, internal tes-

ting, user studies and discussions with leading biomechanics and spine researchers. In this connection, GRAMMER uses biomechanical measuring methods to test the impact of new features on the human body. Using electromyography (EMG), electrical muscle activity is measured in strain situations for example. Efficient and safe use of a vehicle calls for physically and mentally sound drivers. For this reason, the GRAMMER Group is particularly committed to promoting basic spine research. Therefore, GRAMMER has established the GRAMMER European Spine Journal Award in recognition of outstanding research activities.

#### TARGET

GRAMMER will continue to combine scientific findings with industrial application knowledge in the future so that these findings can be transferred to industrial use. For this reason, GRAMMER plans to hold its third international Ergomechanics Congress in 2022. GRAMMER also fosters young scientists working in the area of spine research through the European Spine Award.



### 3.2 Sustainable product development

In the interests of the continuous development of its product range, GRAMMER uses a modern innovation management system. Product ideas are jointly coordinated in international teams consisting of product and process experts, employees from sales and purchasing as well as managers from the two divisions and functions and incorporated in the Group's decision-making process. The GRAMMER Group has already entrenched sustainability in the product development process. An internal environmental manual sets out the rules for environmentally friendly product development and includes, for example, stipulations concerning the use of materials as well as a list of banned substances and materials.

The issue of sustainable product development forms part of GRAMMER's „Green Company“ strategic initiative, which will have the new name “Sustainable Company” from 2022. As part of this initiative, it explores innovative and sustainable product solutions that allow the Company to offer its customers environmentally friendly alternatives. This includes light-weight construction, the use of recycled materials and alternative sustainable materials.

Rapid technological progress is being accompanied by the steadily growing demands made of component suppliers by OEMs (original equipment manufacturers). Drive trains, vehicle concepts and the level of driving automation alongside safety and digital interfaces are defining the framework for future development. Further focal issues of the automotive industry include the use of recycled materials and achieving carbon neutrality throughout the entire value chain.

GRAMMER's R&D unit established its own Materials & Sustainability department so that it can respond quickly to rising market demands. Carbon-neutral product approaches, chiefly in the product areas of console, headrest and commercial vehicle complete seating systems take priority here. To support product and process developers, the Group uses the GaBi software from the company Sphera to calculate the carbon footprint. This is increasingly becoming industry standard. GRAMMER also aims to achieve LCA (life cycle assessment) certification and designs its

activities accordingly. Partner networks and close collaboration with universities are extremely important.

### 3.3 Sustainable materials

The patented POROLOFT® process investigates options for producing air channels based on fiber fabrics using sustainable materials, thereby reducing the cost of materials. Conventional processes use fiber fabrics which are pre-processed into mostly rectangular blanks. These are then heated and pressed into the desired shape. Excess material must be separated from the components in a further step along the process. In the POROLOFT® process, the fabric fibers are dissolved in a water-based suspension and then deposited on a porous negative mold of the target components. Different thicknesses and material strengths can be controlled via process parameters. This ensures savings in the production of blank mats and produces components free of excess material. Currently, GRAMMER is testing different fiber materials for their suitability for use in the process together with their component properties. This involves both synthetic/thermoplastic materials and natural fibers from renewable resources (e.g. cellulose), which could even be composted at the end of their life cycle.

GRAMMER also focuses its activities on bioplastics. The first task here is to qualify the properties for application. Examples include a modified PLA (polylactid acid), a derivative of sugar cane, which can be processed using polymer technology on industrial machinery as well as bio-PP and bio-PA derivatives known as drop-ins that are produced from non-fossil organic sources and have the same properties as conventional PP or PA products. In terms of foam, GRAMMER's focus areas include the use of biopolyols in order to considerably improve its sustainability approach.

#### Light-weight construction

GRAMMER's product innovations such as light-weight construction allow weight savings to be achieved as a means of reducing fuel consumption. Light-weight construction plays a key role in the development of seats, center consoles, armrests and headrests. For one thing, reduced material requirements lower resource input and, for another, cut CO<sub>2</sub> emissions during the vehicle product life cycle. Weight reduction is achieved by means of function integration and changes in the design, for example.

#### Recycling

The use of recycled materials in vehicle interiors and seating systems will additionally lower resource requirements. GRAMMER is collaborating closely with its customers in this area to launch joint solutions. Examples include polyamide material blended with recycled carbon fibers or the use of recycled plastic for injection molding processing, especially in the area of console technology.

#### Material efficiency

Material efficiency within processes can be achieved through a variety of different approaches. Thus, the use of materials can be minimized, surplus production avoided or waste within processes reduced. GRAMMER is pursuing two different approaches to promote material efficiency within the Company. First, the use of materials within core processes is minimized through new technologies. Secondly, innovative construction and material solutions are used to reduce material use at a product level. For example, foaming, painting and gluing systems now use solvent-reduced materials on a large scale. The Process Development department continues to standardize production processes and equipment and develops or implements innovation and automation initiatives step by step. The purpose of the GRAMMER production system GPS is to achieve a continuous improvement in value flows by systematically minimizing work and resource requirements with the aim of achieving operational excellence.

To reduce the use of materials over the long term, three specific aspects have been defined as part of the Green Company initiative, which are due to be implemented over the coming years.

1. A global regranulation strategy for plastics is scheduled to be implemented to increase its recycling rate. Recyclates (recycled plastics) are already being used in some GRAMMER plants today and this will be stepped up at all locations worldwide in the future. To this end, the Group is already testing new material compositions in current development projects and is evaluating the potential for the use of natural-fiber-filled or-based thermoplastics in GRAMMER products.
2. Moreover, the quantities of the chemicals polyol and isocyanate (polyurethane foams) used are to be reduced. To this end, best practice examples were collected and the first pilot projects have been underway since 2020.
3. Material or leather is also used for many products. For this reason, another important topic is to increase the degree to which cover materials (leather, PVC, textiles) are used by deploying digitalization technology when cutting the raw material.

In recent years, the use of release agents during foaming has been reduced by more than 30% thanks to targeted technology initiatives. By coating foaming tools and additional process optimization (e.g. use of spray robots), the use of release agents by unit produced is scheduled to be reduced further over the coming years. In addition, electricity consumption was cut by 40% and the strain on employees in their proximity was reduced. As a further positive effect, energy consumption has been decreased, which has had an associated positive effect on CO<sub>2</sub> emissions.

## 4. Environment

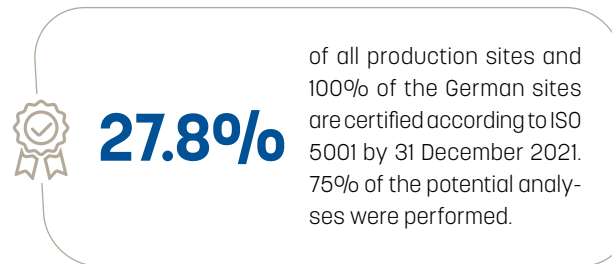
The GRAMMER Group assumes responsibility for the environment and, in doing so, takes an integrated approach. The Company's mission statement defines active environmental protection and the responsible use of resources as key goals. Overall responsibility for environmental management has been assigned to the "Group Quality, HSE & Information Security" unit, which reports to the Chief Operating Officer. This unit devises strategic parameters for environmental protection across the entire Group under the guidance of the Senior Manager HSE & Energy Group. A local environment, health and safety manager is assigned to each plant to implement the measures. GRAMMER also aims to reduce business-induced environmental impacts as far as possible. Accordingly, important goals and measures relating to company environmental protection entail increased energy efficiency, a reduction in emissions from production and logistics and the optimum use of resources along the value chain. Production processes are also continuously analyzed and optimized in order to lower water consumption. The targets pursued by and the progress made in environmental activities, including observance of relevant binding obligations, are regularly audited and assessed both internally and externally. By making appropriate adjustments, GRAMMER is able to achieve continuous improvements in its environmental and energy management systems. 92% of all GRAMMER Group's facilities around the world have already implemented an environmental management system in accordance with ISO 14001 and defined local environmental targets and measures. Accordingly, the Company's goal is to certify all GRAMMER production sites in accordance with the environmental management system ISO 14001 by 2022.

### TARGET

Certification of all GRAMMER production sites in accordance with the environmental management system ISO 14001 by 2022.

### 4.1 Energy

GRAMMER seeks to reduce energy consumption within processes and promote the use of renewable energy sources and sparing use of natural resources. For this reason, an energy management system in accordance with ISO 50001 is scheduled to be implemented across all GRAMMER production sites by 2022. This measure will allow the Company to control, manage and, if necessary, adjust energy consumption. The Group has already rolled out an energy management system in accordance with ISO 50001 at all energy-relevant German plants, thus ensuring compliance with the statutory requirements.



To better identify savings opportunities, energy monitoring is due to be introduced at all production locations. At the start of 2020, the monitoring system was implemented at all energy-relevant German locations. Initial savings measures resulting from this step have already been identified, such as unnecessary machinery and plants being ready for operation during non-production time. In addition, plant-precise measuring and the existing material consumption data can be used to compare efficiency between similar plants and increase it. The basis for collecting and evaluating the expected data at global level was established in 2021.

### TARGET

By the end of 2022: Roll-out of an energy management system in accordance with ISO 50001 at all GRAMMER production sites worldwide, including energy monitoring. Furthermore, in the area of energy there will be ongoing work on potential analyses including the definition of measures.

GRAMMER buys green electricity for its power supply. All electricity purchasing at the German sites was switched to green electricity in 2021.

### 4.2 CO<sub>2</sub> emissions

One particular focus is reducing air pollutants, such as CO<sub>2</sub> emissions and volatile organic compounds (VOC). As part of the strategic initiative "Green Company", GRAMMER has decided to aim for the 1.5-degree goal of the Paris Agreement and to also reduce other emissions such as VOC to a minimum.

In this context, the GRAMMER Group has calculated the carbon emissions of the sites according to the Greenhouse Gas Protocol (GHG Protocol). This involves determining the Scope 1 emissions as well as Scope 2 emissions. Scope 1 emissions are direct emissions occurring during the Company's own energy production and the production process. Scope 2 emissions are indirect emissions that, for example, arise when externally sourced electricity and heat are used. The calculation process will be undergoing further optimization and expansion over the next few years. In order to make a material contribution to the reduction of climate-damaging materials, GRAMMER aims to reduce CO<sub>2</sub> emissions (Scope 1 & 2) by 50% by 2030. To achieve this target, since 2021 the Company as a whole has been working on identifying potential to reduce emissions generated by processes and building equipment and putting this into practice on the basis of a cost-efficiency analysis. The focus is on reducing energy consumption as this is the area where most CO<sub>2</sub> emissions are created.

The "Nomination Tree" project was launched as another way to cut CO<sub>2</sub> emissions. As part of this, GRAMMER encourages its suppliers to plant at least one tree.

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**TARGET**

Reduction in CO<sub>2</sub> emissions (Scope 1 & 2) of 50% by 2030 and of 100% by 2040.

(Baseline year 2019: Scope 1: 13,875 t & Scope 2: 136,334 t)

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GRAMMER also began determining Scope 3 emissions with external support. These include, for example, purchased (input) products, company travel, logistics processes or employee journeys to/from work. To calculate the CO<sub>2</sub> emissions within the supply chain, the Group will use existing digital tools to check and establish the carbon footprint of its suppliers.

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**TARGET**

Calculation of Scope 3 emissions by the end of 2022.

Digitalization of the carbon footprint within the supply chain as part of the TCO procurement strategy.

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As part of environmental management, GRAMMER has already initiated measures to reduce emissions and monitors their implementation at its sites. Furthermore, the Company has individual concepts in place at a large number of sites that are adapted to the activities and work processes on site and to local requirements. GRAMMER's Automotive Division uses emission-reduced foam materials in the EMEA, APAC and AMERICAS regions, which can lower emissions of volatile hydrocarbons by up to 70% in some cases. Coating processes are one source of VOC emissions at GRAMMER. Here, VOC emissions were reduced significantly in collaboration with coating suppliers.

Transport routes are regularly optimized, resulting in CO<sub>2</sub> reductions of 70.5 tonnes.

Charging points for bicycles and vehicles began operating at the Company's headquarter in Ursensollen in 2021, taking the first step in expanding e-mobility. The charging infrastructure is to be expanded in 2022.

**4.3 Waste**

GRAMMER is aiming to minimize the use of energy and resources in all production processes in order to avoid emissions and waste. In the interests of conserving resources, the Group applies a waste material hierarchy to minimize waste during the production phase. Seat upholstery materials are cut in such a way as to reduce wastage as far as possible. If it is not possible to recycle waste, the materials are recovered and are only disposed of properly after all options have been exhausted.

GRAMMER seeks to reduce waste, minimize hazardous waste, increase the recycling of waste and ensure that appropriate waste disposal and recycling methods are applied. For this reason, the material aspect of waste has been included in the "Green Company" strategic initiative. Waste was reduced by another 3% thanks to optimization in leather cutting.

Through the reuse of plastic waste by means of regranulation, the percentage of plastic waste can be reduced by at least 5%. Plastic waste is already sold to distributors, who then return the regranulated material to the raw material cycle as granules with a recycled component.

A global improvement program was launched for in-house packaging in 2021. This placed particular focus on reducing, reusing and recycling. The use of paper, such as for order documents, was further reduced. All correspondence with suppliers is to be switched to electronic methods of communication. This target was achieved for 26% of series production suppliers and for 59% of non-production material suppliers by the end of 2021.

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**TARGET**

Use of recyclable packaging material.

Increased in-house reuse of packaging material.

Reduction of in-house transport packaging and plastic waste.

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To raise awareness of the need for environmental protection, avoidance of waste and a healthy use of our natural resources, the sites took part in initiatives organized by charitable organizations, for example by donating recyclables, selling them to certified waste disposal companies or recycling them. The proceeds generated benefit people in need or organizations in structurally weak regions. Waste is also a focus in the "Green Company" campaign. As part of this, all waste streams were analyzed in 2021 with the goal of ensuring as much is reused as possible and, as a minimum, that materials are recovered. Explicit care should be taken to avoid waste being sent to landfill.



## 5. Supply Chain

GRAMMER believes the Company is responsible for its suppliers and views them as an important part of its value chain. It selects suppliers who are committed to a clear system of values and to ethical principles. GRAMMER expects all suppliers and service providers to comply with sound business practices, perform their duties in accordance with the applicable laws, standards and regulations and to provide documentary evidence of this.

### 5.1 Supplier management on environmental & social standards

GRAMMER has a Supplier Code of Conduct to address all sustainability criteria and to do justice to the extensive requirements of its system of values and to legal and ethical obligations. The Code of Conduct can be accessed by all suppliers at all times on the supplier portal. It is also included in all digital supplier inquiries and must be electronically confirmed by our suppliers before submitting a tender.

The risk management and Corporate Social Responsibility officer position was established at the Company last year. This person is responsible for introducing, ensuring and complying with the relevant sustainability issues in the supply chain. With the support of a digital risk management system, suppliers and geopolitical developments in supply chains are permanently tracked around the world.

GRAMMER uses its e-sourcing platform to update supplier information each year and confirm the CSR guideline. Communication with suppliers such as the supplier newsletter, various correspondence and changes to requirements are sent on to the suppliers digitally through the SCM team. For GRAMMER, modern IT tools are the swiftest and most effective method of communicating with all regions of the world and, in particular, regions in which it purchases components.

As part of the “Green Company” focus area, GRAMMER initiated a range of activities and rolled out a comprehensive program. CO<sub>2</sub> emission levels were incorporated into contracting processes and the German sites purchase exclusively green energy. Attempts are being made to replace single-use packaging with reusable packaging, or to reduce it to the absolute minimum. Further measures will be established in the next few years.

#### TARGET

100% free from conflict minerals in the global supply chain.

100% of global suppliers confirm GRAMMER Code of Conduct.

### 5.2 Sourcing of commodities under environmental aspects

Generally speaking, GRAMMER selects its suppliers to ensure that they comply with the Company’s (environmental) requirements. Likewise, when procuring commodities (steel, plastic granulates and energy) it pays attention to ensuring that the Code of Conduct is adhered to and no conflict minerals are used.

When procuring plastic granulates, customers are advised that their specifications should be environmentally sustainable.

To manage the materials data, GRAMMER uses the collective, computer-based International Material Data System (IMDS). Automotive producers use the system to manage environmentally relevant aspects of the materials used in vehicles. The system enables the automotive industry to reconstruct the entire material flow. It is the responsibility of the data creator to ensure that the requirements are transmitted along the supply chain in order to guarantee compliance with the provisions and data reporting of the material formulation. For this reason, GRAMMER demands the use of this database both in its conditions of purchase and in the Supplier Code of Conduct. Suppliers can consult the IMDS manual on the GRAMMER website for more information on this topic.

### 5.3 Conflict minerals

In this connection, particular attention is paid to what are known as “conflict minerals”, such as zinc, tantalum, tungsten and gold, which are often mined in regions exposed to high conflict potential. GRAMMER is working systematically on its processes to exclude the use of conflict materials, the financing of conflicts and the violation of human rights. The origin of the metals is determined in consultation with suppliers as the materials concerned are not sourced directly from mines or smelters but may be contained in the products procured. An annual report based on the conflict mineral reporting template is prepared so as to create transparency across the supply chain. The results are made available to customers on request.

GRAMMER also expects its suppliers to source conflict minerals contained in the components, building parts or products produced by them from conflict-free sources, to introduce relevant guidelines for the procurement of conflict minerals and to communicate them to their own suppliers. It also expects its suppliers to collaborate with their own suppliers to trace conflict minerals at least to the smelter and to encourage the use of standard reporting procedures.

### 5.4 Working conditions and human rights

Manufacturing companies are exposed to a greater risk of human rights violations than service companies. Risks of potential human rights violations may primarily arise along the previous value chain and in the procurement of resources. GRAMMER is aware of its responsibility and has therefore prepared its own Code of Conduct, which governs conduct with respect to the observance of human rights as well as child and forced labor. This Code of Conduct applies across the entire Group. As already explained in Section 2.1, the current version of the GRAMMER Code of Conduct covers the observance of human rights, in order to underscore their significance. Employees are taught about human rights issues by means of the “Compliance” e-learning module. GRAMMER provides its employees with more detailed information

on the Code of Conduct via the Intranet. Moreover, GRAMMER is committed to the core labor standards defined by the International Labour Organization (ILO) and the UN Universal Declaration of Human Rights.

**TARGET**

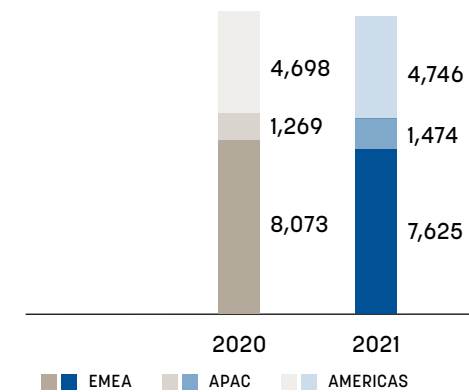
Employee awareness of human rights is to be raised in compliance training sessions (online and also through local training on all employee levels).

## 6. Employees & Community

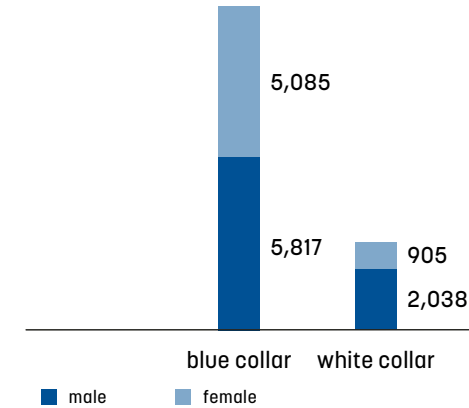
GRAMMER’s business success is above all the result of the commitment and dedication of its 13,845 employees around the world (5,990 women [43%] and 7,855 men [57%]); as of December 31, 2021). Demonstrating great personal commitment, they develop innovations and solutions that make mobility safer and more comfortable for millions of people. Within the Company, Human Resources is responsible for employee matters, the organization and improvement of the corporate culture. Together with managers, Human Resources is also in charge of employee development, an essential building block for the GRAMMER Group’s success. For this reason, Human Resources reports to the Chief Executive Officer and HR Director Thorsten Seehars.

The GRAMMER Group is internationally established and operates in the three regions EMEA, AMERICAS and APAC. Its workforce is correspondingly diverse. To harness the advantages of this diversity, GRAMMER has enshrined diversity and inclusion in its corporate culture and actively promotes these. For example, it seeks a reasonable gender balance and actively supports and encourages female employees. Women currently account for 43% of the workforce and men for 57%. As a production company, around 79% of employees work in production. 47% of this group, who are known as blue collar employees, are women.

Employees by region



Employees by type of employment



## 6.1 Employee satisfaction

GRAMMER firmly believes that employees feel and perform better in a trusting and respectful corporate culture. Accordingly, high employee satisfaction is the basis of creative and, ultimately, successful work. For this reason, one goal of the human resources strategy is increasing employee satisfaction and thus employee commitment.

The Human Resources strategy and the GRAMMER Way of Working (WoW) reflect and support GRAMMER's corporate strategy and are systematically linked to the sustainability concepts. The WoW principle has defined the principles of collaboration and leadership at GRAMMER since the Executive Board was reformed in 2019. Through the related WoW CODE, GRAMMER has created a framework in which respectful and trusting interactions are actively promoted. The characteristics set out here are based on the four pillars of collaboration, openness, drive and empowerment, the initials of which come together to form the WoW CODE. Trust and respect underpin collaboration at GRAMMER. This trust is reflected in interactions between managers and employees, for example by promoting individual responsibility. In addition, employees are encouraged to trust in their abilities and in collaboration with colleagues. Comprehensive training, coaching and workshops encourage the application of these practices across the Company, promoting a culture of mutual respect. In doing so, GRAMMER pursues the aim of establishing high motivation and satisfaction among employees.

To review employee satisfaction, GRAMMER uses regular surveys as a global feedback instrument and an important tool for corporate and organizational development. This is intended to regularly evaluate key parameters for employee loyalty and motivation around the world as a basis for defining specific measures. Various global, regional and local projects have already been initiated on the basis of these results.



### Collaboration

We support each other to achieve our common goals as one team.



### Openness

We communicate in a timely, transparent and respectful manner.



### Drive

We are always working with energy, speed and the dedication to deliver.



### Empowerment

We enable employees to take ownership.

## TRUST & RESPECT

Application of the CODE practices is also important to the Company's management programs. The solutions-focused coaching management style is a key component here. This promotes a culture of proactivity, passion, responsibility, collaboration and commitment. Managers should encourage their employees and help them continuously develop their qualifications and abilities. Human Resources is currently developing a concept for the leadership program and planning specialized in-depth modules within this concept such as healthy management. GRAMMER runs CODE WoW training sessions for managers to promote a good management culture.

However, the WoW characteristics and methods unfold their ultimate effect in the strategy process, which is seen as a regular series of workshops involving all regions, functions and levels of hierarchy. The Executive Board develops the overall strategy and tracks its implementation in regular workshops with the top

management, which carries out the same process in its areas of responsibility with its own executives and employees. The systematic application of WoW methods is secured by taking the program into account in the target system and its effectiveness is analyzed as part of a specific survey conducted at regular intervals. The evaluation of the WoW survey conducted in the fourth quarter of 2021 confirms the first visible progress made in transforming corporate culture.

The results of the WoW survey show further successes in incorporating the WoW culture: There is more awareness of WoW culture and employees can contribute well in meetings, take on responsibility and are included in decision making. At the same time, collaboration in teams has improved significantly.

In addition to the WoW survey, in 2021 GRAMMER carried out a general employee survey to gain additional feedback from its

employees. The response rate was 75%. Initial evaluations indicate that employees feel they are in good hands at GRAMMER and can identify with GRAMMER as an employer. It was also found that leadership qualities have improved as a result of the WoW culture shift and that diversity is present at GRAMMER. A notable positive aspect is that the survey was very much welcomed by employees and not seen as unnecessary extra work, which is confirmed by the high response rate. In the current financial year, the results were analyzed, measures for action derived and their implementation started.

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## TARGET

Conducting a systematic global employee survey at regular intervals, and deriving measures for action.

In 2021, the target for the Engagement Index was achieved at 75%. The target feedback rate of 65% was exceeded at 75%.

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## 6.2 Employee development

Qualified and motivated employees are an essential building block for the GRAMMER Group's success. The Company is committed to promoting professional training and strives to be a learning organization. For this reason, GRAMMER's goal for the next few years is to strengthen its culture of learning and expand expertise that is relevant for the future. Within the Company, furthering all employees in a targeted and needs-oriented manner is the responsibility of HR Development. This takes into account individual skills and needs as well as future market environment requirements.

The GRAMMER Academy was founded with this in mind. It can be accessed by all white-collar employees around the world on an e-learning platform. This platform can be used to provide qualifications needed at GRAMMER (current examples include project management and intercultural skills) and to deliver targeted training sessions (e.g. presentation techniques and communication).

Individual needs for this are determined in employee performance reviews and are therefore tailored to the individual person. Blue-collar employees can also access a comprehensive range of training that improves individual performance and is thus intended to secure product quality. The training sessions are held on site at the plants. There are also plans for incorporation in the e-learning platform, but still requires the necessary infrastructure to be set up.

To provide optimal support and further training to the talented workforce and management, GRAMMER offers its employees the opportunity to participate in various corporate development programs. This way, GRAMMER aims to fill most key positions from within its own organization. Three modular programs were developed under the name career@GRAMMER. The DRIVE program is designed for young professionals with the potential to progress to senior positions and responsibilities. This program is intended to set out their career path (management, project or expert). While the FAST LANE program was designed for employees with initial management experience and very high potential, the TOP GEAR program is tailored to participants from middle management.

Furthermore, in the context of our performance assessment process there is one development talk with all employees at least once a year. These talks with managers also cover development requirements for the employees included. Employee performance reviews are an important instrument for securing a consensus on the performance benchmarks and potential development targets and for motivating employees to take on responsibility for their own career development.

## 6.3 Occupational health and safety

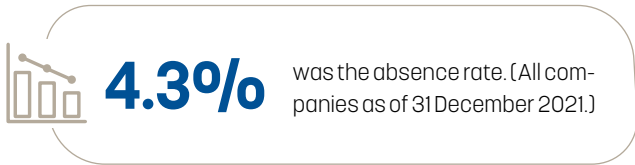
Health and safety are of paramount importance in a production company like GRAMMER. In particular, the Company aims to avoid accidents and encourage activities for preserving employees' health and ability to perform. In this context, measures for promoting health and safety were also adopted.

To make it easier for employees to reintegrate after a period of long illness, GRAMMER has installed an occupational integration management system at its German sites and appointed an occupational integration management coordinator in accordance with the statutory requirements. In this way, help can be provided to employees who were unable to work for more than six weeks over the previous twelve months to ease themselves back into working life. This also helps to prevent the employees from relapsing into illness and to preserve their long-term working capacity. Numerous units are involved in this process at the same time. By integrating the company physician, the employee representative council, representatives of people with disabilities and the Human Resources department in this process, we are achieving a high level of acceptance among our employees and thus creating optimum conditions for joint solutions.

At the sites in Germany, there are also local health management bodies such as the health task force in Ursensollen. They develop specific proposals and ideas for furthering employee health. In addition to advice on occupational medicine, GRAMMER also offers voluntary solutions via its in-company medical center, such as annual flu vaccinations and eye tests.

These measures are having an effect. The absence rate across all companies was 4.3% in 2021 (2020: 4.0%), again easily reaching the goal of less than 5% in the last year. The absence rate should continue to be kept at a low level. GRAMMER supports this goal with a variety of measures to motivate employees and increase employee health.





**TARGET**

The absence rate is to be kept consistently below 5%.

GRAMMER measures the success of its occupational health and safety measures using the lost time incident frequency rate (LTIFR). This indicator of the number and frequency of accidents shows how accidents develop over time. This measures accidents that have to be reported worldwide with at least one workday lost per million hours worked. Last year, reducing the LTIFR was a strategic objective for all GRAMMER managers. This led to a significant decrease in the LTIFR in 2021 to 4.04 (2020: 6.17), proof of the effectiveness of the focus campaigns to tackle the main causes of accidents and generally representing an improvement in GRAMMER's health and safety culture. Despite this success, the Company will continue to work on improving occupational health and safety by reducing the LTIFR target for 2022 to 5.62 (2020: 7.0) to further improve competitiveness compared to the rest of the sector.

The global target for the lost time injury frequency rate (LTIFR) is reduced each year compared to the previous year's target.

Plant management at each GRAMMER site is responsible for occupational safety and is supported by a local environment, health and safety manager. GRAMMER wants to have all production sites certified in order to integrate occupational health and safety in day-to-day company practices effectively. After coming into effect in March 2018, ISO 45001 is being implemented step by step at all facilities.

**TARGET**

The occupational safety and health management system certified in accordance with ISO 45001 is to be implemented at all production sites by the end of 2022. 42% of production sites are already certified in accordance with ISO 45001 as of December 31, 2021.

Another key aspect of occupational health and safety is workplace design that seeks to minimize the strain on employees as far as possible. This particularly concerns noise and other emissions as well as physical stress. With comprehensive safety measures, GRAMMER actively promotes its employees' safety and health. For example, at the GRAMMER Campus in Ursensollen particular attention is paid to ergonomic furniture and a healthy working environment; each workstation has been equipped with a height adjustable desk to improve ergonomics. Moreover thanks to the availability of Wi-Fi across the entire campus, employees are able to work outside. The outdoor area in proximity to nature not only invites employees to go on walks during breaks, it also encourages them to pursue their activities in the fresh air. The GRAMMER Campus has an organic-certified restaurant that serves traditional meals as well as a "Job+Fit" menu to its employees.

In addition to physical health, GRAMMER also highly values the mental wellbeing of its employees and thus provides social support services in the context of MyLife@GRAMMER. Country-dependent services were created in all regions to advise employees on issues such as their work-life balance and on specific social situations and circumstances. It is important to GRAMMER that this offer remains low profile: employees can be assured that any use of the services will remain confidential. Accordingly, they are supported in these sensitive situations by reputable external partners who have the experience, expertise and empathy required to ensure support is provided in line with their needs.

**The COVID-19 pandemic**

Besides complying with all legal requirements in the individual countries and providing regular COVID-19 testing and vaccination campaigns at the sites, GRAMMER has also taken various additional measures to minimize the risk of infection: A high rate of remote working and a significant reduction in travel and visitors helped considerably reduce contacts. To ensure that no productivity or efficiency was lost as a result, the Group built up digital learning that specifically addresses challenges arising in connection with the pandemic. Proof of the success of all these efforts is that the Company avoided chains of infection among its employees, even in the second year of the COVID-19 pandemic.

**6.4 Diversity and equal opportunities**

The fundamental values of trust and respect are enshrined in the "Way of Working" philosophy. Accordingly, diversity and inclusion are part and parcel of corporate culture at GRAMMER. As one of the first signatories of the Diversity Charter in 2006, GRAMMER does not see diversity as a temporary trend but is committed to putting it into practice. Not only does the Company actively promote diversity, it also takes a clear stance on combating inequality. Equal opportunities for all employees are enshrined in the Code of Conduct. We also condemn any form of discrimination or harassment at work due to gender, race, disability, ethnic origin, religion or belief, age or sexual identity. Employees are able to report any incidents to the code team through an internal whistleblower system.

In addition to the Diversity Charter, GRAMMER also supports the internal global network Ladies@GRAMMER to exchange views. This is intended to raise awareness of the advancement of women, bolstering equality of opportunity.



#### TARGET

Maintaining the proportion of women within the Group's workforce at 45% with a deviation of 5%-points. In 2021, the proportion of woman was 43%.

On the occasion of the Diversity Day and the World Day for Cultural Diversity for Dialogue and Development in May 2021, GRAMMER organized dynamic and interactive diversity and inclusion workshops. These focused on issues including mental wellbeing, gender, ethnicity and age. The workshops, which were attended by a diverse range of people, were held under the auspices of and with the active participation of Jurate Keblyte. These activities aimed at raising awareness of the diversity of the workforce and its importance for the sustained success of the Company. D&I videos were published on a website created in-house featuring eight individual reports as part of a four-week series. Using video messages,

the Executive Board as a whole and members of senior management shared their personal experiences. The personal involvement and input of the Executive Board clearly demonstrate that diversity is a key component of our corporate culture, the GRAMMER Way of Working.

In addition, international training programs encourage cross-border exchange and networking within the GRAMMER Group.

#### Work-life balance

With MyLife@GRAMMER as part of the GRAMMER Academy, GRAMMER has created the general conditions to improve the work-life balance. The objective is to improve management leadership skills to ensure that these matters are firmly entrenched in the organizational structures. GRAMMER thus encourages a family-job balance by helping organize childcare. For example, the site in Hardheim has an integrated nursery, where children are looked after between 6:45 a.m. and 3:45 p.m. A variety of drop-off and collection times make it easier for parents to return to working life after their parental leave. While parents pursue their work, the children are well occupied with games, fun and sport. During weekly design and technology lessons, led by trainees, children are able to gain hands-on experience of a range of exciting topics. GRAMMER also introduces the children to issues of social responsibility and cultural openness through play, for example by crafting country flags of the home countries of our employees at the site or by creating a natural flower meadow for insects on the plant premises. In 2021, 129 employees at the German sites took parental leave (2020: 127).

GRAMMER continues to create the framework for flexible working time models and supports parents returning to work after parental leave.

#### Company pension scheme

The company pension scheme is a key pillar alongside statutory pensions and private retirement savings to safeguard employees' standard of living after they reach the age of retirement. GRAMMER promotes this sustainable retirement-saving scheme. For this reason, the company pension scheme introduced for employees

in the Amberg region in 2018 has now been rolled out to GRAMMER's other German sites.

#### 6.5 Social commitment

GRAMMER is aware of its responsibility as a corporate citizen and supports charitable projects, voluntary activities and training facilities at sites around the world. In doing so, the Company observes the principles enshrined in its Code of Conduct as well as its global sponsoring policy. GRAMMER's donations and sponsorship activities focus primarily on promoting social facilities and projects. Moreover, GRAMMER supports sports, concentrating in particular on promoting young people in different team sports. GRAMMER does not provide any financial support for political parties and/or similar lobby groups. In the area of secondary and tertiary education, GRAMMER takes part in various partnerships as well as development and sponsorship programs. This includes schools, vocational training centers and universities in the Amberg region as well as in other parts of Germany and the world. Its aim is to prepare young people for the employment market.

Special circumstances require extraordinary action: Due to the coronavirus pandemic, many donation and sponsorship activities that normally take place every year could not be held.

## 7. Disclosures in accordance with Commission Regulation 2020/852 (Taxonomy Regulation)

### 7.1 Background and objectives

The European Union has moved the transformation of the European economy to an environmentally-friendly and resource-preserving economic framework center stage and regards it as a priority for its political actions. Steering capital flows towards sustainable investment is regarded as the key to success. With the Taxonomy the EU has created a classification system which classifies economy activities as Taxonomy-aligned if they are a) mentioned in the regulation and b) satisfy the requirements of the regulation.

### 7.2 Initial reporting of GRAMMER AG for 2021

GRAMMER AG plans to report on the two environmental objectives "Climate change mitigation" and "Climate change adaptation" for the first time for 2021. Reporting obligations cover disclosures on the share of Taxonomy-eligible and non-Taxonomy eligible economic activities in revenue, capital expenditure and operating expenses. The disclosures relate to all companies which are fully consolidated in the consolidated financial statements. As this is the first report in line with these regulations, there are no comparative previous-year figures.

In general, there are uncertainties for GRAMMER relating to the first-time report, as some regulations on reporting details were approved or published only after the end of the reporting year. There is also uncertainty in relation to the interpretation of formulations and terms of the regulation.

Our interpretation is shown below. In the assessment relating to Taxonomy-eligibility, we have aligned ourselves to the publicly communicated assessments of the automotive and supply industry associations and the answers provided by the EU Commission to frequently asked questions (FAQ).

For the report, we took account of the information we were able to obtain up to the Declaration of the Executive Board on March 11, 2022 (declaration in the context of the annual financial statements).

### 7.3 Taxonomy-eligible economic activities

GRAMMER AG operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems and innovative thermoplastic components for the global automotive industry.

GRAMMER is a full service provider of driver and passenger seats for trucks, buses, trains and offroad vehicles.

Sustainability is enshrined in the corporate strategy of the GRAMMER Group and is divided into five areas of action. In addition to developing more sustainable products, this includes reducing direct emissions, making more efficient use of energy, raw materials and other materials, increasing its recycling rate and optimizing the carbon footprint in its supply chains and own products.

Thus in July 2021, GRAMMER launched a comprehensive program aimed at making its global operations more sustainable. In the "Let's make GRAMMER greener!" campaign, at GRAMMER we are pursuing the common objective of reducing our CO<sub>2</sub> emissions by 50% by 2030, thus making a contribution to achieving the 1.5-degree goal of the Paris Climate Agreement. One of the milestones that has already been achieved was switching the energy supply to renewable energy sources at all German sites.

After extensive examination and taking account of all relevant sectors, we came to the conclusion that our economic activities are not included in the Delegated Act relating to the two climate-relevant environmental targets of the EU Taxonomy Directive and are consequently not Taxonomy-eligible.

### 7.4 Taxonomy-eligible revenue

As described, with its activities GRAMMER is pursuing ambitious sustainability targets. However, the economic activities in which GRAMMER operates are not mentioned in the Taxonomy. Thus the share of Taxonomy-eligible economic activities in our total revenue is 0%.

### 7.5 Taxonomy-eligible capital expenditure and operating expense

In line with the EU Taxonomy, capital expenditure relates to climate-related investments in buildings and equipment.

Operating expenditure contains expenditure related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaption needs and direct non-capitalized costs that represent research and development or which relate to the purchase of output from Taxonomy-aligned economic activities, and to individual measures enabling the target activities to become low-carbon or leading to greenhouse gas reductions.

The Taxonomy-eligible capital expenditure (CapEx) and the share of the Taxonomy-eligible operating expenditure (OpEx) was calculated in line with Section 1.1.2.2 and Section 1.1.3.2 of Annex 1 of the Delegated Regulation on the Disclosure Obligation (2021/2178).

The share of Taxonomy-eligible capital expenditure was calculated as 5.2%.

The share of Taxonomy-eligible operating expenditure was calculated as 4.7%.

Capital expenditure and operating expenditure relate only to continuing operations.